

# The Development of Tourism Destination for Experience Based Perspective

– The Case of Okinawa Prefecture –

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## 1.Introduction

In recent years, tourism has increasingly been considered an effective catalyst of social and economic development and regeneration in rural areas. This is due first to the growing number of tourists. The UNWTO forecasts that the number of international tourists will increase to almost 1.8 billion by 2030; this figure is more than 4 times the number of tourists travelling in the late 1990s (World Tourism Organization, 2014, pp.14–15). Second, the tourism business has been widely promoted and relied upon to generate job opportunities, as a means of addressing economic challenges. The Japan Tourism Agency (2015) has estimated that throughout Japan, in particular, the economic impact of tourism in 2013 comprised 48.8 trillion yen spent on output, 24.9 trillion yen added to GDP, and 4.19 million jobs; these are equivalent to 5.3% of total output, 5.2% of GDP, and 6.5% of the total number of jobs in Japan (Japan Tourism Agency, 2015, p.7).

With the development of transportation and infrastructure, tourists can easily reach their destinations, and the number of repeat visitors has increased. This increase in repeat visits has changed the needs of tourists. Marketers have therefore turned their attention to providing not only “Old Tourism” (i.e. Mass, Package-Type Tourism, Sun-Sea-Sand Tourism, Shopping Tourism, etc.), but also “New Tourism,” which includes Independent Tours, Eco Tourism, Green Tourism, and Experiential Tourism (Poon, 1993). The development of tourism in the regions is seen as an effective means of achieving not only the regeneration of rural areas but also a variety of tourism objectives, including the ability to attract more di-

verse, higher-spending markets (Sharpley, 2002). Regions that lack a workforce have, in recent years, tried to create experiential tourism in order to meet the diversified needs of tourists and achieve a more balanced, sustainable approach to tourism development.

One destination that has sought tourism diversification and economic regeneration through experiential tourism is Okinawa, Japan. Over the last 40 years, Okinawa has emerged as a major summer-sun destination in Japan, with the successful growth of its tourism industry underpinning the island's remarkable socio-economic development. Although tourism in Okinawa has met with apparent success, concerns have emerged about the island's ability to become a sustainable tourist destination; to accomplish this, it would need to become a mature destination, attracting an increasing number of repeat visitors by meeting the diversified needs of tourists at a price that can compete with other tourist destinations. Given this situation, Okinawa's market can only survive this crisis if all tourism-related industries, non-profit organizations, and regional governments are able to cooperate.

The purpose of this paper is to highlight challenges that not only militate against such an approach, but also create experiential tourism as a form of New Tourism, using the framework of Pine and Gilmore (1999). Firstly, this paper explains how actors such as hospitality and tourism businesses in local areas, the mainland capital, and regional government, contribute to the economy of Okinawa. We next discuss how a cluster has been formed. Finally, the concludes that, in order to solve the issues facing Okinawan tourism destinations in a mature market, the region's tourism actors must attract tourists, such as school groups, student field trips, and mainland travelers, as well as providing experiential tourism to meet a wide range of visitor needs.

## **2.Theoretical Background**

Many researchers have tried to understand and explain sustainability and innovation in relation to tourist destinations. However, all attempts to identify a universal tourism viewpoint have instead revealed the need for a range of different perspectives, because the impact of tourism on various groups (i.e. tourists, tourism related businesses, the government of the

host community or area, and the host community) is a key factor in achieving the continuous and sustainable development of a tourist destination.

In general, tourist destination marketers are primarily responsible for identifying significant changes in the marketing environment<sup>1)</sup>. There are several contexts in which sustainability and innovation are driving forces at a tourist destination; these include technological developments, the availability of appropriate suppliers, market demand, customer requirements, and government regulations (Hjalager, 2002, Hjalager, and Konu, 2011). Especially in the field of tourism studies, the importance of visitor satisfaction and loyalty has increased. Loyalty is a key indicator used to measure customer retention (Reichheld and Sasser, 1990; Heskett et al., 1994). The definition of loyalty is a deeply held commitment to re-buy or re-patronize a preferred product or service in the future, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 2009, p.432). There are two types of loyalty: true long-term loyalty and false loyalty (Jones and Sasser, 1995). Jones and Sasser mention that false loyalty explains why seemingly loyal customers defect when a regulated market is deregulated, or when alternative technologies are offered. Customers will only remain rock-solidly loyal if they are completely satisfied (Jones and Sasser, 1995, p.90).

As the tourism market becomes increasingly competitive, the tourism experience has become a key factor in creating a competitive and sustainable destination. In the literature on tourism experiences, several studies have attempted to identify factors that affect satisfaction and loyalty toward customers (Toyama and Yamada, 2012), such as service design using metaphors from the theatre in order to enhance the experience (e.g. Grove, Fisk and Bitner, 1992; Voss and Zomerdijs, 2007); co-creation and co-branding in the value chain (e.g. Hjalager and Konu, 2011).

Pine and Gilmore in particular (1998; 1999) have offered a model of the production-consumption process of customer experience, that is, the co-creation of value, which determines the level of value created by staged activities or events. Pine and Gilmore (1999) propose a way to escape from “commoditization,” that is, differentiation disappears, margins fall through the floor, and customers buy solely on the basis of price. Pine and Gilmore explain four economic offerings– “Commodity” “Good” “Service” and “Experience”–and

the four distinct ranges of value that customers attach to each offering<sup>29</sup>. Compared with other economic offerings (i.e. commodity, goods, and services), customers greatly value the experience offering, because experiences are inherently personal, and actually occur within any individual who has been engaged on an emotional, physical, intellectual, or even spiritual level (Pine and Gilmore, 1999, pp.11–13).

Furthermore, Pine and Gilmore propose the concept of “Experience Realms,” which engage individuals in a personal way, positively affecting their evaluations of the elements of experience offerings (Pine and Gilmore, 1999, p.30). As shown in Figure 1, experience offerings are classified along two axes, of which the horizontal axis corresponds to the level of “Guest Participation,” and the vertical axis of experience offerings describes a “Connection, or Environmental Relationship.” On one side of the horizontal axis lies “Passive Participation,” where customers do not directly affect or influence the performance, and the other side lies “Active Participation,” in which customers personally affect the performance or event that yields the experience. Concerning the vertical axis of experience offerings, at one end of the spectrum lies “Absorption”; in which is occupying a person’s attention by bringing the experience into the mind, and the other side of the spectrum is “Immersion,” which is becoming physically or virtually a part of the experience itself. These two axes depict a four-realm framework that demonstrates “Educational,” “Entertainment,” “Escapist,” and “Esthetic,” and these compatible domains often come together to form uniquely personal encounters (Pine and Gilmore, 1999, p.31).

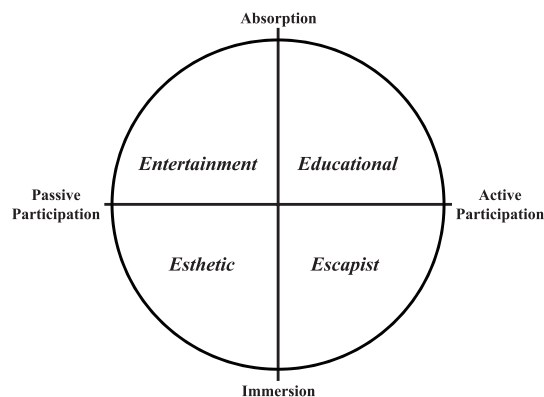


Figure 1. The Experience Realms

Source: Pine and Gilmore (1999) p.30.

In sum, Pine and Gilmore discusses company's offerings from the point of view of experience theory, and concluding that if companies offer experience, they can escape from the all-too-easy practice of competing on the basis of price, thus providing services and offerings. The Pine and Gilmore framework has been validated by measures and applied in recent empirical research (Su et al. 2015). For example, it is shown as the experiential perspective of participation that customers' motive of active participation can be substantially attributed to seeking intrinsic rewards, that is, the pleasure of participation in co-producing experiences, rather than simple extrinsic values based on utilitarian benefits and costs (Etgar, 2008).

This framework has been adapted to the field of tourism. The findings of recent research have provided significant evidence that tourist experience plays a key role in designing differentiated tourist products for tourism businesses or destinations that create more value for tourists than simple services do, and in turn develops competitive advantage in the tourism industry, and tourist destinations (Su et al. 2015).

### **3.Case Analysis -Okinawa as a Tourist Destination**

#### **(1) Characteristics of the Travel Market in Okinawa Prefecture**

Tourism is widely considered an effective contributor to the development of the regions. Kakazu mentioned that small islands, in particular, transformed rapidly into tourism dependent economies because (1) they lack natural resources to export earnings; (2) their market sizes are too small to develop a viable manufacturing industry, (3) tourism-related industries are usually small scale and labor intensive; (4) they are endowed with marine resources, particularly beautiful beaches; (5) these islands are part of or surrounded by richer countries with well-organized transportation networks; (6) their tropical or semi-tropical climatic and cultural conditions are complementary with those rich countries; and (7) these island communities have maintained internal political stability and offer warm hospitality to visitors (Kakazu, 2012, p.188).

Recently, for example, tourism in Okinawa has rapidly developed. Okinawa, the southernmost prefecture of Japan, consists of 57 islands, with the main island of Okinawa as the

Table 1. Tourism in Okinawa 1972-2014, Key Indicators

Year	Arrival	Tourism Revenue ( million )	Tourism Revenue from Outside the Prefecture ( % )	Average Tourist Spending	GuestCapacity
1972	443,692	32,448	— — —	73,132	13,054
1975	1,558,059	125,777	14.5	80,727	44,293
1976	836,108	56,980	6.9	68,149	37,886
1978	1,502,410	111,045	10.6	73,912	36,350
1980	1,808,036	149,521	10.8	82,698	38,278
1982	1,898,216	165,605	11.5	87,242	38,904
1984	2,053,500	188,232	12.9	91,684	40,403
1986	2,028,800	186,353	12.8	91,854	42,196
1988	2,395,400	215,843	13.9	90,107	45,696
1990	2,958,200	268,892	14.6	90,897	48,707
1992	3,151,900	280,195	13.5	88,897	52,199
1994	3,178,900	278,126	13.0	87,491	57,990
1996	3,459,500	303,256	14.1	87,659	57,639
1998	4,126,500	352,655	15.3	85,461	60,345
2000	4,521,200	379,161	15.5	83,863	60,078
2002	4,834,500	346,632	15.7	71,704	63,797
2004	5,153,200	363,152	17.5	70,490	71,062
2006	5,637,800	410,408	19.6	72,797	80,746
2008	6,045,500	436,462	20.0	72,209	86,545
2010	5,855,100	407,016	18.6	69,515	92,833
2011	5,415,500	373,464	17.9	68,962	96,954
2012	5,835,800	390,555	18.1	66,924	99,061
2013	6,413,700	433,945	— — —	67,659	100,111
2014	7,056,200	— — —	— — —	— — —	104,724

Source: Department of Culture, Tourism, and Sports (2015).

nucleus (Area: 2,274.32km<sup>2</sup>; population: 1.37 million; the capital of Okinawa: Naha-city) (Public Relations Division, Executive Office of the Governor, 2008). Okinawa is located in the southern part of Japan, the only subtropical prefecture in Japan, at 24 degrees to 27 degrees north latitude and 122 degrees to 128 degrees 30' east longitude. Okinawa was once an independent kingdom (the Ryukyu Kingdom) from the 15th to the 19th century. The Ryukyu kingdom played a central role in the maritime trade networks of the Middle East, the

Southeast Asia, and the Far East Asia. In 1609 the Satsuma Domain (actually from Kagoshima Prefecture) invaded the Ryukyu Kingdom, which was forced to become a tributary of the Satsuma and the Tokugawa shogunate. After the Meiji Restoration (1868), the Ryukyu Kingdom became Japan's Okinawa Prefecture. After the Battle of Okinawa and the end of World War II (1945), Okinawa was under the administration of the United States for 27 years. During that period, U.S. military bases had a large influence on the local economy (Public Relations Division, Executive Office of the Governor, 2008).

Tertiary industry accounts for 72.3% of industry across the whole country, and 81% (2010) in Okinawa, much higher than the national average. In particular, the pillar industry in Okinawa has been tourism since the island reverted to Japan in 1972 and the Okinawa Ocean Expo 75 was held in 1975. As shown in Table 1, Okinawa Prefecture saw a record number of 7,000,000 tourist arrivals in 2014, while the prefecture targets 10 million tourist arrivals. Income from tourism makes up 18.1% of the total economy of Okinawa (2012).

As for the development of the main island of Okinawa, hospitality and tourism industries have been spatially concentrated along the southern part of the island, especially in Naha City. After the reversion to Japanese sovereignty in 1972, accommodation facilities clustered along the coastal areas of the northern part of the island. By 2014, there were 221 lodging

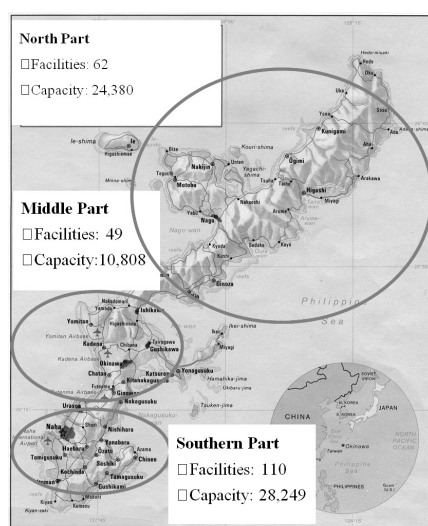


Figure 2. The Number of Accommodation Facilities on the Main Island of Okinawa(2014)  
Source: Department of Culture, Tourism, and Sports (2015).

facilities, and more than 60,000 bed spaces available on the main island of Okinawa (See Figure 2). Thus, tourism has steadily grown and become the major industry in Okinawa. However, due to the increasing number of repeat visitors, the needs of visitors have changed. Despite the rapid increase in the number of tourists coming to Okinawa, tourism revenue has not grown in commensurate with the number of tourists (Kakazu, 2012).

## (2) The Classification of Tourism Development in Okinawa

The development of Okinawan tourism is closely related to Japanese markets. However there are some critical issues, such as visitors' diversified needs generated by the increasing number of repeat visitors; and the increasing price competition in the market. For this reason, we have defined 4 phases in the development history of Okinawa tourism; the Immature Stage of Tourism Facilities and Attractions in Okinawa (1945–1971); Mass Tourism in Okinawa (1972–1989); the Development of Okinawan Cultural Tourism (1990–1999); Diversified Visitor Needs and the Differentiation of Service Concepts in Okinawa (2000–Present)<sup>3</sup>.

### The Immature Stage of Tourism Facilities and Attractions in Okinawa (1945–1971)

Okinawan Tourism had its origins in groups of pilgrims consisting of war-bereaved families and religious groups. After World War II, having been released from concentration camps, survivors began gathering together the remains of their dead. This particularly happened in the southern part of the island, which had been the last battlefield. They also built war memorials, such as Konpaku-no-to (tower for the spirits of the deceased) (Arasaki [ed], 2000, p.105). After a while, war-bereaved families rushed to Okinawa on pilgrimage, and this kind of travelling in groups soon developed into mainstream tourism.

Furthermore, during this period, shopping tourism carried out by mainland Japanese groups became another mainstream tourist activity in Okinawa. Under the U.S. military government, the military occupation currency, known as B-Yen, was changed to U.S. dollars in 1958; a lot of tourists from mainland Japan came to Okinawa to buy expensive foreign products.

Although the number of tourists from mainland Japan steadily grew in this period, Okinawa was not recognized as a tourist destination for Japanese markets. This was due to the



distance between Okinawa and cities such as Tokyo, and Osaka. Tokyo is approximately 1,500 km away, and Osaka is 1,000 km away. Furthermore, during this period, Japanese people needed passports to travel to Okinawa. They felt as if they were traveling to a foreign country when they went to Okinawa. The other reason related to undeveloped tourist facilities and attractions. For example, during this period, there were few paved roads, sanitary restrooms in public spaces, or tourism-related companies. The employees of services and tourism businesses were not trained to deal with tourists.

Under the 27-year U.S. administration (1945–1972), the economy depended on the U.S. military bases and forces<sup>4</sup>). During this period, the government of the Ryukyus did not establish any tourism policies as pillars of the economy (Umeda, 2003, pp.91–92). Since the island reverted to Japan in 1972 and the Okinawa Ocean Expo 75 was held in 1975, tourism has steadily grown and has become the engine of the Okinawan economy.

#### Mass Tourism in Okinawa (1972–1989)

Any attempt to describe the scope of tourism must consider various perspectives. First, the development of Okinawan tourism was the result of government initiatives. It was essential for Okinawa that income from tourists increase sustainably. Tourism has been Okinawa's most important industry involving the external environment since it was returned to Japan in 1972. For three years after the reversion to Japanese sovereignty in 1972, the Japanese government invested heavily in infrastructure-building projects such as road construction, airport building, harbor construction, and waterworks, in order to make a success of the international event known as the Okinawa Ocean Expo 75 (1975).

The other reason involves the businesses providing tourist goods and services. After the Okinawa Ocean Expo 75 and the launch of companies on the Japan mainland (e.g., JTB, KNT, and airline capital hotels), the local hospitality and tourism industries faced a fiercely competitive market. Following the Okinawa Ocean Expo 75, the number of visitors drastically decreased from 1,558,059 visitors in 1975 to 836,108 visitors in 1976 (see Table 1), resulting in the bankruptcy of a large number of hospitality and tourism businesses.

Given this situation, the prefecture adopted a tourism development plan and hospitality and tourism businesses in Okinawa endeavored to survive the economic crisis. The airlines laun-

ched promotion campaigns, group discounts were instituted, and beach resort hotels began to sprout (Tamamori and James, 2000, pp.54-55). An image of Okinawa was created for the mainland market featuring bikini-clad ladies against a backdrop of blue skies and cobalt-blue seas. Also, to escape the economic crisis, hotels with local capital began to cooperate with the Okinawan government and the hotel association, and launched promotion campaigns about Okinawa tourism in mainland Japan (Hotel and Ryokan Association in Okinawa Prefecture, 2004).

During this period, the relationship among companies in the Okinawa tourism market has enhanced service quality and tourist products. The relationship among companies clustering in the same region is quite important, because tourism products and services at a destination form a composite product concept, including attractions, accommodation, transportation and other facilities, which together stimulate the clustering process (Michael, 2003). In the case of Okinawan tourism, airline companies and large mainland travel agencies cooperated with local hospitality and tourism related companies, such as lodging facilities and souvenir shops, selling package tours on a large scale, yet at cheap prices. As a result, a circular tour to Okinawa was facilitated.

Furthermore, competition among companies in a competitive market has made the “Beach Resort” a feature of the Okinawan tourism scene. Porter mentioned that the presence of strong rivals in a locality is a stimulus to the creation of and persistence in a competitive advantage (Porter, 1998). In the case of Okinawa, the first genuine beach resort was the “Hotel Moon Beach” (1975), built by the local firm, KOKUBA-GUMI CO., LTD. The service concept (See, Green, and Space), which is a mixture of resort life and Okinawan culture, is designed to appeal to the mainland Japanese tourism segment. Hotel Moon Beach became a fine model for numerous resort hotels that sprouted up later, and contributed to the formation of the resort destination of Okinawa.

#### The Development of Okinawan Cultural Tourism (1990-1999)

In the period of “Mass Tourism in Okinawa (1972-1989),” tourism became a pillar of the Okinawan economy. About 440,000 tourists visited Okinawa in 1972, the year of reversion. By 1990, just 18 years later, that number had multiplied 6.8 times to 3,000,000. Tourism re-

venues had also grown about 8.3 times to reach ¥268,892 million (See Table 1). However, starting in the 1990s, the marketing environment for tourist destinations changed. Okinawan tourism has been particularly affected by free economic policies at the global level, especially what we call the “Airline Big Bang” (Arasaki [ed], 2000, p.105). Hospitality and tourism industries in Okinawa have striven to survive in a competitive global market. Beach resorts are not unique to Okinawa but are products found all over the world, operating in a fiercely competitive market. Thus, it is difficult for Okinawa to maintain its competitive advantage merely by means of its image as a tropical resort destination, with blue skies, white sand, and cobalt-blue seas.

The government of Okinawa Prefecture focused on developing new tourism products and events. Unlike the governmental promotion strategy represented by “Mass Tourism in Okinawa (1972–1989),” the government launched “Cultural Tourism<sup>5)</sup>” as a new tourism product and event, emphasizing the distinctive culture and historical and social background of Ryukyu and Okinawa, as compared with mainland Japan. For example, during this period, the government kicked off a promotional campaign about cultural tourism and content, known as the 1st Worldwide Uchinanchu Festival (1990), a promotion campaign about Kariyushi Wear<sup>6)</sup>, and a historical and cultural event, known as the “Great Ryukyu Festival (Dai Ryukyu Matsuri Okoku)” in 1995. Furthermore, in order to meet the travel preferences of different kinds of tourists, the Okinawa Convention & Visitors’ Bureau (OCVB) was founded in 1996 as a “Unified Public and Private Sector” promotional body, integrating tourism and convention needs in Okinawa.

For the Okinawan government, aiming to enhance the development of tourism products and experience, school trips from mainland Japan are among the important forms of cultural tourism, in part because they change the “image” of Okinawa. Influenced by airline and travel company and agency promotional materials, mainland travelers built up an image of Okinawa as an important domestic tropical resort; that image contributed to tourism’s startling growth. However, the collapse of Japan’s “bubble economy” cast a shadow over tourism in Okinawa and arrivals stalled for a time (Tamamori and James, 2000, p.55). The government of Okinawa doubted that it would be able to sustain Okinawa as a tourist destination, merely through its image as a tropical island. On the other hand, school trips generally

use observation to provide education, enabling students to sample historical, cultural, and peace education experiences. Thus, the government's tourism policy coincides exactly with the purpose of a school trip, to provide historical, cultural, and peace education-oriented experiences (Miyagi, 2009, pp.142-144).

School trips are also important because of their "seasonality." Most tourism products are affected by seasonality because of school-year patterns and vacation habits. In the tourist destination and hospitality and tourism industries, an effort must be made to reduce seasonal fluctuations as much as possible. During the slack season, the destination will suffer from extremely low occupancy levels, with obvious implications for profitability. If, on the other hand, the supply is set at a low level, the facilities during the peak season will be overcrowded enough to detract from the tourist experience (Goeldner and Ritchie, 2009, pp.357-358). The high season for Okinawa tourism is usually summer vacation (July, August, and September), and the spring season (March). On the other hand, the peak season for school trips to Okinawa is between October and December, with a secondary season is May. School trips can therefore help to reduce seasonal fluctuations.

A third reason for encouraging school trips is to create new clients. The number of school trips increased from 122 schools in 1980 to 1,373 schools in 1999. Consequently, the number

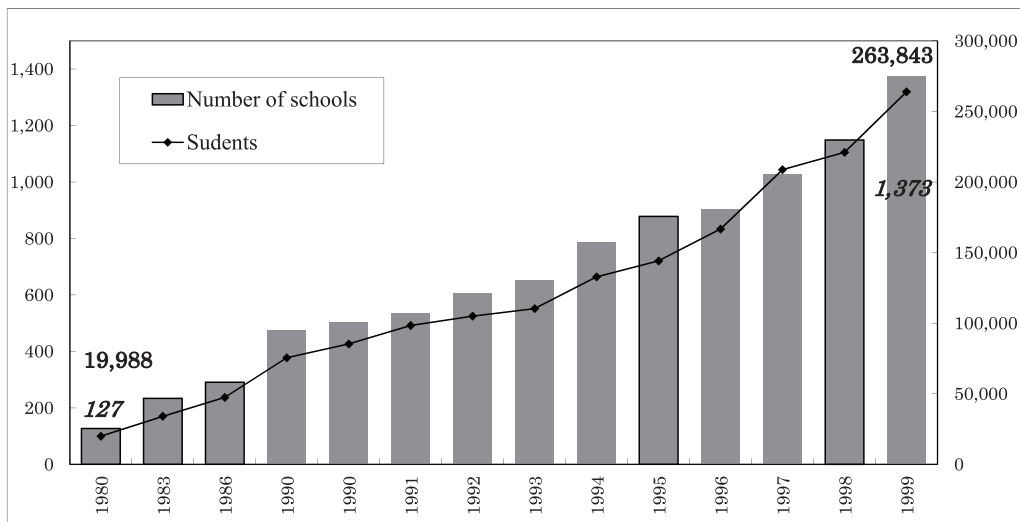


Figure 3. The Number of School Trips in Okinawa (1980-1999)

Source: Department of Culture, Tourism, and Sports (2015).

of students visiting Okinawa increased from 19,988 students in 1980 to 263,843 students in 1999 (See Figure 3). School excursions are important to tourism in Okinawa Prefecture, because the hospitality and tourism industries can engage in “cross selling” and “up selling”<sup>7)</sup> Okinawa to students who have enjoyed their school excursion, and are willing to come back as repeat visitors. Students from mainland Japan are therefore quite important for Okinawan tourism, because they give the government a chance to offer an unusual tourism product and experience (tropical tourism, convention business, and historical, cultural, and peace-oriented experiences), while also focusing on new visitors, in addition to regular tourists to Okinawa.

#### **Diversified Visitor Needs and the Differentiation of Service Concepts in Okinawa (2000–Present)**

As mentioned above, Okinawan tourism has changed historically, from “the Immature Stage of Tourism Facilities and Attractions in Okinawa (1945–1971),” to “Mass Tourism in Okinawa (1972–1989),” and “the Development of Okinawan Cultural Tourism (1990–1999).” The number of tourists visiting Okinawa has increased drastically; as a result, tourism revenues have grown year by year.

However, the needs of tourists have also gradually changed. Poon (1993) emphasizes the importance of new tourism, pointing out that modern tourists are more “green,” flexible, independent, quality-conscious, and “harder to please” than ever before<sup>8)</sup>. In the case of Okinawa, the percentage of repeat visitors has risen from 19.6% in 1983 to 83.8% in 2014, leading to an increase of independent tours and flexible package tours (Department of Culture Tourism and Sports, 2015). Furthermore, a growing number of car rental businesses enable visitors to access out-of-the-way places, where companies can offer a personalized service to satisfy visitors’ specific needs. If they offer the same service concepts to every visitor, they are not able to meet the diversified needs of visitors.

In this context, “Experience Tourism”<sup>9)</sup> has been a focus of the new tourism. According to research by OCVB, the number of participants taking part in a circular tour of Okinawa has decreased. Such tours include visiting museums and castles, going to botanical and zoological gardens, travelling as pilgrims (for war-bereaved families and religious groups), and

learning about peace by touring sites of particular interest. At the same time, participation in experience tours has increased; such tourists take part in seaside and water activities, golf, eco-tourism, recreational activities, and cultural exchange programs among the Okinawan people (OCVB, 2000, p.19). The OCVB's research results give a clearer indication of which the tourist needs have changed since the heyday of the circular tour, how tourists wish to experience Okinawa, and how many tourists are dissatisfied with "old tourism" in Okinawa.

Following modifications of Japan's general curriculum policies in 2002, school trips to Okinawa and elsewhere have evolved from sightseeing expeditions to experience tourism, including environmental study tours, eco-tourism, and cultural exchange programs (Fujisawa, 2003, p.212). Schools in mainland Japan tend to prefer experience tourism because it is flexible, sustainable, and individual- or small group-oriented, in contrast to the traditional, assembly line style of school trip.

Furthermore, tourist needs have shifted from mass tourism toward a diversification of individual perspectives. For example, in 2004, The National Theatre Okinawa was launched to enable Okinawa's traditional performing arts, including Ryukyuan dance and music, to be widely appreciated by the general public and tourists<sup>10</sup>.

The plan to build an integrated resort (IR)<sup>11</sup> was subject to considerable debate in Okinawa. In 2007, the Okinawan Governor, Mr. Hirokazu Nakaima, who was elected to the post in 2007, proposed introducing legalized casino gambling, which is now prohibited by national law (Kakazu, 2012, p.215). The Okinawan government hoped that an IR would use casinos to provide an economic boost, increasing tax revenues, per capita tourist consumption, and the number of foreign tourists. A study undertaken by the Okinawa Prefectural Government showed that an integrated resort with casino could raise 8,974 billion yen and create 77,058 jobs<sup>12</sup>. Although the new governor, Mr. Takeshi Onaga, who was elected to the post in 2014, staunchly opposed casinos, other projects were considered, with USJ (Universal Studios Japan) and a Disney Resort facility making inroads into Okinawa. There is thus a possibility that IR will enhance tourism products and experience, not only from a traditional or historical perspective, but also from the perspective of urban tourism<sup>13</sup>.

Finally, the quality of hospitality and tourism services has been enhanced. Until Okinawa

reverted to Japan in 1972, accommodation on the island could not meet a tourist's basic needs (Miyagi, 2013). Recently some local hotels have been praised for offering a high quality service. For example, in 2002, 2005, and 2009, the BUSENA TERRACE received a JTB-sponsored prize as a "Top Quality Hotel (more than 80 rooms)." In 2007, The ATTA TERRACE CLUB TOWERS (from 30-79 rooms) was awarded a prize. This shows that high-end visitors demand good quality hospitality and tourism services in Okinawa, and that some local entrepreneurs offer good service quality through the competition in the Okinawan hospitality cluster. The hospitality industry in Okinawa has clustered around both the external and internal environment, enhancing their destination advantage.

#### **4.Results**

Previous chapters have discussed the historical formation of Okinawan tourism, as it changed from old tourism (cycle tourism, mass tourism, and huge group trips) to new tourism (i.e. experience tourism, which is flexible, sustainable and individual- or small group-oriented). There are three reasons why the Okinawan tourism has changed: (1) sub-replacement fertility, (2) the increasing number of repeat tourists, (3) the decrease in per capita tourist spends.

According to the "2014 Declining Birthrate White Paper," the annual number of live births in Japan was about 2.7 million during the first baby boom, and about 2 million during the second baby boom. In 1975, it fell below 2 million, and has continued to decrease every year since. In 2012, the annual number of live births in Japan was about 1 million (Cabinet Office, 2014, p.3). Furthermore, the total population in Japan will show a long-term declining trend from its 2010 population of 128.06 million people, decreasing to 116.62 million people in 2030, and falling below 100 million people in 2048 (Cabinet Office, 2014, p.4). This means that the possibility that the Japanese economy itself may decline, while the number of tourists from mainland Japan (on whom Okinawa's tourism heavily depends) steadily decreases.

Second, with the development of transportation and infrastructures, tourists can easily access the destination, so that the number of repeat visitors has increased. As mentioned

above, the percentage of repeat visitors to Okinawa has exceeded more than 70% since 2007, with 2014 percentage of 83.8. This increase in repeat visitors has enabled the tourism industry to cater for a more diverse range of tourists. If old tourism (such as mass, package-type tourism, sun-sea-sand tourism, and shopping tourism, etc.) had continued to be provided, repeat tourists would not have come back to Okinawa, except when package tours and airplane tickets were particularly cheap. It has been suggested that the likelihood of meeting visitors' needs and ensuring their satisfaction is greater through new products (i.e. "green," flexible, independent, and quality-conscious) rather than via old tourism in the case of destinations that tourists choose solely on the basis of price. Therefore, the hospitality and tourism industries have to develop distinct service concepts to meet their visitors' diversified needs.

Thirdly, despite the rapid increase in Okinawan tourism, tourism revenue has not grown at a level commensurate with the number of tourists. As a matter of fact, tourism revenue declined during 2008-2013, despite the fact that the number of tourists increased by about 360,000 visitors. This decline is also reflected in a decrease in per capita tourist spending from 72,209 to 67,659 (see Table 1). As mentioned above, from the 1990s onward, Okinawa tourism has been affected by marketing environments, including economic policies at the global level, the slowdown of the domestic economy, and exchange rate trends. As a result, package tours in Okinawa have been sold on a large scale, yet at cheap prices. "Cheap, Near, and Brief" has been a recent slogan to attract tourists to destination and tourism products. Such excessive competition by means of price-cutting may eventually damage tourism (Kakazu, 2012, p.198).

For these reasons, Okinawa needs to shift its approach to tourism from a quantity-oriented and price-based advantage, to a quality-oriented and individual tourist-based advantage. To achieve this, experience value must be enhanced. The economic value of Okinawan tourism has progressed. Pine and Gilmore (1999) have defined the progression of economic value through each successive offering—"Immature the Tourism Facilities and Attractions (commodities)," "Mass Tourism (goods)," "Cultural Tourism (services)" and "Diversified Service Concepts (experience)." They greatly increase in value; because tourist destination stages offer so many different kinds of experience, it is easier to differentiate their offerings and



charge a premium price for the distinctive value provided, not the market price established by the competition (Miyagi, 2009, pp.149–152).

Furthermore, the elements of an experience offering must be enhanced to yield competitive and sustainable destination and avoiding the price competition in the market. As shown in Figure 4, the “Experience Realms” framework defines four realms: Educational, Escapist, Esthetic, and Entertainment. Modifying this framework to fit the experience offerings of Okinawa tourism, the Educational category represents the experience of learning something new, and requires active participation; an example would be a “Cultural Peace Studies Tour.” Entertainment experiences depend on absorption, occupying a person’s attention by bringing an experience into the mind, as in the case of “Performances of Traditional Music.” Escapist experiences involve much greater immersion than entertainment or educational experiences. Participants in escapist experiences are completely immersed and actively involved; Marine Sports and Integrated Resorts offer such tourism experiences. Finally, Esthetic experiences involve passive participation, that is, tourists want to partake physically in the experience, for example, at “Coastal and Hotel Resorts” (Pine and Gilmore, 1999). Thus, Okinawa tourism has developed experience offerings in the competitive market and diversified tourist needs, as an effective means of achieving a variety of tourism objectives, including the attraction of more diverse, higher-spending markets.

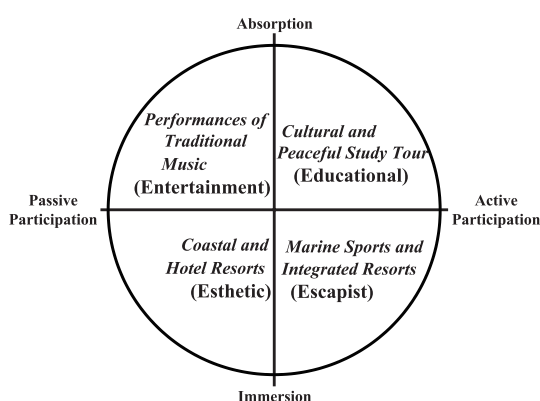


Figure 4. The Experience Realms in the case of experience offering in Okinawa tourism  
Source: Reproduced from Pine and Gilmore (1999) p.30.

## 5. Conclusion and Further Research

This study analyzed the challenges of Okinawan tourism, which not only militate against the issues, that is, (1) sub-replacement fertility, (2) the increasing number of repeat tourists, (3) the decrease in per capita tourist spends, but also create experiential tourism as a form of New Tourism, using the framework devised by Pine and Gilmore (1999). This study aims to clarify three findings. The first finding involves the way in which the hospitality and tourism industries contribute to the tourism development of Okinawa. The study describes the way in which the hospitality and tourism industries in Okinawa have endeavored to survive in a crisis situation and competitive market with government support as well as cooperation among the hospitality and tourism businesses.

Secondly, it has been shown that hospitality and tourism clusters have formed. Among accommodation providers, the local capital hotel became a fine model for numerous resort hotels that sprouted up later, contributing to the formation of a resort destination on Okinawa. Airline companies and large mainland travel agencies cooperated with local hospitality and tourism-related companies, such as lodging facilities and souvenir shops, selling package tours on a large scale, yet at cheap prices, and thus facilitating circular tours to Okinawa. It can be concluded that as a result, the hospitality and tourism industries in Okinawa have clustered by means of interactions between hospitality and tourism businesses in the mainland and local capitals.

Finally, Okinawa tourism has been enhanced through the provision of experience offerings. To adapt to the tourism environment of “sub-replacement fertility,” “an increased number of repeat tourists” and “a decrease in per capita tourist spends,” Okinawa tourism has shifted from mass tourism and price-based perspectives, to a quality-oriented focus on individual tourists. Okinawan tourism can therefore provide a form of experiential tourism that meets visitors’ diversified needs.

Nowadays, some tourist destinations find it difficult to survive the competition, influence the external environment, and create job opportunities for local people. Okinawa Prefecture has worked hard to address these issues, encouraging inbound tourism and cooperation

among hospitality businesses and related organizations. As a result, a hospitality cluster has been created, and tourism products and experiences have been enhanced to achieve a more balanced, sustainable approach to tourism development. The case of Okinawa seems a good example of how a destination can resolve issues, especially when the regional market is small and private investment fragmented, due to a geographical handicap.

Several limitations of this study should be noted. First, the current study focused on one region. Limiting the study to a single region eliminated problems associated with the effects of regional differences. Second, this research does not provide a description of the resident perspective. In researching tourist destinations, it is crucial to analyze the relationship among tourism actors, including tourists, the businesses that provide tourist goods and services, the government of the host community or area, and also the host community. Therefore, a further direction of this research will focus on some island destinations, where the residents contribute to create experience offering.

- 1 ) The marketing environment is made up of a microenvironment and a macroenvironment. The microenvironment consists of forces close to the company that affect its ability to serve customers-the company, suppliers, marketing channel firms, customer markets, competitors, and the public. The macroenvironment consists of large societal forces that affect the whole microenvironment-demographic, economic, natural, technological, political, and cultural forces (Kotler, Bowen, and Makens, 2006).
- 2 ) Pine and Gilmore explain four economic offerings using the example of coffee; the coffee bean is a true "commodity,"; coffees, which a manufacturer grinds, packages, and sells in a grocery store, are "Good," brewed coffees offered in a restaurant and coffee shop are "Service," and coffees served in a five-star restaurant or espresso bar, where the ordering, creation, and consumption of the cup embodies a heightened ambience or sense of theatre are "Experience" (Pine and Gilmore, 1999, p. 1).
- 3 ) This classification of the development history of Okinawan tourism is based on Toguchi (1990) p.157, Matsudaka (1992) p.5, Umeda (2003) pp.87-98, and Miyagi (2010) p.213.
- 4 ) In 1969, tourism revenue was \$33,170,000; the export amount of sugar was \$44,580,000, while the income related to the U.S. military bases was \$209,200,000 (Tada, 2004, p.137).
- 5 ) Jafari (2000) has defined "Cultural Tourism" broadly as the commercialized manifestation of the human desiring to see how others live. This definition is based on satisfying the demand of the curious tourist to see other peoples in their "authentic" environment and to view the physical manifestations of their lives as expressed in arts and crafts, music, literature, dance, food and drink, play, handicrafts, language and ritual (Jafari, 2000, p.126).
- 6 ) Kariyushi Wear is a style of dress shirt originating in Okinawa, and believed to convey a warm and welcoming image of Okinawa to tourists visiting the prefecture. Shirt patterns use as motifs, natural, and cultural characteristics of Okinawa, printed on Okinawa's traditional dyed textiles. In the Okinawan, Kariyushi means as "harmony" or "happiness." (Okinawa Prefecture (n. d.) "What is Kariyushi Wear?" Retrieved January 22, 2016, from <http://www.pref.okinawa.jp/site/shoko/shoko/kogyo/18500.html>)
- 7 ) The definition of "cross selling" is encouraging a customer who buys a product to buy a related or complementary product, and "up selling" is a sales strategy whereby the seller provides opportunities to

purchase related products or services, often for the sole purpose of making a larger sale (Website of Marketing Vocabulary Retrieved February 8th, 2016, from <https://quizlet.com/31256041/marketing-vocabulary-flash-cards/>).

- 8 ) Poon explains New Tourism as flexible, sustainable, and individual-oriented, while Old Tourism (mass tourism) works on the assembly line model, with tourists consuming travel and leisure services in a robotic and routine way (Poon, 1993, pp.9-10. and 29).
- 9 ) Experience is the inner state of the individual, brought about by something which is personally encountered, undergone or lived through. Tourist experiences are such states engendered in the course of a journey, especially a sightseeing tour or a vacation (Jafari, 2000, pp.215-216).
- 10 ) Website of The National Theatre Okinawa. Retrieved January 29, 2016, from <http://www.nt-okinawa.or.jp/>
- 11 ) The term integrated resort (IR) is used to describe resort properties, which feature gaming-integrated hotels, together with convention facilities, entertainment shows, theme parks, luxury retail and fine dining.
- 12 ) On the other hand, there were concerns about negative social impacts such as a higher incidence of crime, the risk of compulsive gambling, and other social problems which are difficult to quantify.
- 13 ) In an interview on March 11th, 2014, Mr. Akimoto Matayoshi (Counselor, the Chamber of Commerce and Industry in Naha, Okinawa) mentioned, "The population in the middle and south area in Okinawa is 1.17 million, and the density is the same as Kitakyushu city, Japan, designated by government ordinance. However, we don't have the urban type of tourism. Legalized casino gambling is the biggest opportunity to offer not only traditional, historical, natural, and marine products, but also urban tourism".

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